

Message Text

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14

ACTION STR-04

INFO OCT-01 IO-13 ISO-00 STRE-00 FEA-01 AGRE-00 CEA-01

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1969

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ACTION STR

E.O. 11652: NA

TAGS: ETRD, MTN

SUBJECT: TROPICAL PRODUCTS - INDIA

1. SUMMARY: AMBASSADOR LALL, THE INDIAN AMBASSADOR TO THE EC IN BRUSSELS CALLED ON ME OCTOBER 14. THE CONVERSATION QUICKLY EVOLVED INTO A DETAILED DISCUSSION OF THE US TROPICAL PRODUCTS OFFER AS IT AFFECTED INDIA AND REPRESENTED THE FIRST TIME THAT THE SUBSTANCE OF THE OFFER AND OUR RELATED REQUEST HAS BEEN DISCUSSED. AMBASSADOR LALL INDICATED THAT ALTHOUGH HE DID NOT HAVE AUTHORITY FROM HIS GOVERNMENT TO DISCUSS THE OFFER IN THIS FASHION, HE HOPED EXPLORATORY TALKS HELD IN CONFIDENCE COULD CONTINUE IN GENEVA, AND BRUSSELS IF NECESSARY, IN ORDER THAT A SATISFACTORY SOLUTION TO THE PROBLEM OF CONTRIBUTIONS IN THE TROPICAL PRODUCTS CONTEXT COULD BE FOUND. END SUMMARY.

2. AMBASSADOR LALL, IN GENEVA FOR THE UNCTAD TRADE AND DEVELOPMENT BOARD, CALLED ON ME OCTOBER 14 AS A LIMITED OFFICIAL USE

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FOLLOW-ON TO SEVERAL CONVERSATIONS HE HAS HAD WITH

AMBASSADOR HINTON CONCERNING THE PROBLEM POSED BY THE US POSITION ON CONTRIBUTIONS IN THE TROPICAL PRODUCTS GROUP. DURING THE DISCUSSIONS LALL SHOWED A DETAILED KNOWLEDGE OF BOTH US OFFER AND REQUESTS. HE DID NOT RAISE THE PROBLEM OF THE PRINCIPLE OF LDC CONTRIBUTIONS, STRESSING RATHER THE POSSIBILITY THAT SOME FORMULA COULD BE FOUND TO ALLOW THE US TO PROCEED WITH ITS OFFER. HE STATED THAT HE WAS NOT COMPLETELY PERSUADED OF THE VALUE OF THE US OFFER STRESSING THAT THE TRADE DISTORTING AFFECT OF THE COMPETITIVE NEED REQUIREMENTS IN US GSP DID NOT NECESSARILY REQUIRE MFN SOLUTIONS. HE SHOWED CONCERN THAT ON IMPORTANT PRODUCTS INCLUDED IN THE US OFFER THAT INDIA WAS DISCRIMINATED BY COMPETITIVE NEED GIVEN ITS MARKET POSITION (READ JUTE AND MICA).

3. I RESPONDED THAT THE US OFFER WAS AN MFN OFFER STRESSING THE VALUE AND PERMANENCY OF MFN CONCESSIONS VERSUS GSP. I ALSO STRESSED THAT PRODUCTS SUCH AS JUTE WHICH LALL WAS MOST CONCERNED WITH WERE PRINCIPALLY SUPPLIED BY LDCS AND THUS GSP TREATMENT DID NOT SEEM APPROPRIATE. IN ADDITION I CALLED HIS ATTENTION TO THE FACT THAT THE PRINCIPAL CONCERN EXPRESSED BY THE JUTE EXPORTERS WAS COMPETITION FROM SYNTHETICS AND THAT PERMANENT DUTY REDUCTIONS WERE IN THEIR INTEREST. LALL, ACCEPTING THE THEORY BEHIND MY RESPONSE, NOTED THAT DISCUSSIONS OF VALUE AND POSSIBLE IMPROVEMENTS OF OUR OFFER WERE BETTER LEFT TO A STAFF LEVEL.

4. LALL ALSO PROVIDED A CURSORY ANALYSIS OF OUR REQUEST LIST. HE INDICATED THAT A PERSONAL REVIEW OF THE TARIFF CONCESSIONS WE SOUGHT PRESENTED AT LEAST TWO CLEAR POSSIBILITIES OF CONCESSIONS THAT WERE LIKELY TO BE INDIA'S INTEREST AS WELL. HE NOTED THAT THIS TYPE OF CONCESSION COULD PROBABLY BE MADE FOR DOMESTIC REASONS. WITH RESPECT TO THE SUPPLY ACCESS CONCESSIONS WE ARE SEEKING, HE DID NOT SEE A MAJOR PROBLEM IF HIS UNDERSTANDING LIMITED OFFICIAL USE

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WAS CORRECT THAT THE US MERELY SOUGHT NONDISCRIMINATORY TREATMENT WITH RESPECT TO ACCESS TO SUPPLIES.

5. HE SUMMARIZED THE DISCUSSIONS BY NOTING THAT HE WAS NOT OPERATING UNDER SPECIFIC INSTRUCTIONS, THAT SUBSEQUENT TALKS SHOULD BE CONSIDERED AS EXPLORATORY AND NOT NEGOTIATIONS IN WHICH COMMITMENTS WERE MADE, BUT THAT IF CONVINCED AT THE END

OF THESE TALKS OF THE VALUE OF A BARGAIN, HE WOULD SEEK THE NECESSARY AUTHORITY TO PROCEED. HE STATED THAT HE RECOGNIZED THAT THE US WOULD NEED TO MAKE SOME SORT OF LINK BETWEEN WHAT INDIA MIGHT DO IN ITS SELF-INTEREST AND THE CONCESSIONS THE US MIGHT MAKE IN TROPICAL PRODUCTS. HE DID NOT SEE THIS AS AN INSURMOUNTABLE PROBLEM AS LONG AS THE LINK WAS VAGUE.

6. COMMENT: IN MY JUDGEMENT AMBASSADOR LALL'S INTEREST IN THE TROPICAL PRODUCTS NEGOTIATIONS IS MORE THAN PASSING. IN ADDITION I BELIEVE THAT HE IS IN A POSITION TO DELIVER THE NECESSARY AUTHORITY TO PROCEED IF ANY BARGAIN CAN BE STRUCK. LALL WAS SECRETARY OF COMMERCE IN INDIA SIX YEARS AGO AND HAS CONSIDERABLE INFLUENCE IN THE INDIAN GOVERNMENT. LALL'S INITIATIVE MUST ALSO BE SEEN IN LIGHT OF AMBASSADOR CHADHA'S DEPARTURE TO UNCTAD. IT IS ALSO CLEAR THAT INDIA WILL SEEK SOME IMPROVEMENT TO THE US OFFER IN ORDER TO REACH A BARGAIN. WE HAVE AUTHORITY ALREADY TO INCREASE THE DEPTH OF CUT ON OUR OFFER OF JUTE PRODUCTS AND WILL ATTEMPT TO FOCUS DISCUSSIONS ON THESE PRODUCTS. THIS MAY BE SUFFICIENT IMPROVEMENT GIVEN THE STRESS LALL GAVE TO THE COMPETITIVE NEED REQUIREMENTS UNDER GSP. GRAEF AND SANDILYA OF THE INDIAN MTN DELEGATION WILL BEGIN EXPLORATORY CONVERSATIONS OCTOBER 15. WALKER

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